

Message Text

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TAGS:EGEN, UNCTAD, CIEC, JA

SUBJECT: COMMODITIES: PROPOSAL FOR BILATERAL US-JAPAN
CONSULTATIONS

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REF: TOKYO 2776

1. IN RESPONSE TO GOJ EXPRESSION OF INTEREST IN BILATERAL TALKS WITH US ON TREATMENT OF COMMODITIES IN FORTHCOMING INTERNATIONAL MEETINGS INVOLVING UNCTAD AND CIEC (TO WHICH WE WOULD ADD IMF, MTN, WORLD BANK AND INDIVIDUAL COMMODITY GROUPS), YOU MAY INFORM GOJ US WOULD WELCOME SUCH DISCUSSIONS. TIMING OF UPCOMING INTERNATIONAL MEETINGS AND CONSEQUENT COMMITMENTS OF OFFICIALS HERE MAKES SCHEDULING TIGHT, BUT APPROPRIATE SENIOR US REPS AND COMMODITY SPECIALISTS COULD BE AVAILABLE HERE IN WASHINGTON FOR A TWO-DAY MEETING SOMETIME DURING THE WEEK OF MARCH 29-APRIL 5 (FOLLOWING SECOND SESSION OF CIEC RAW MATERIALS COMMISSION). IN OUR VIEW BILATERAL DISCUSSIONS SHOULD EXTEND ONE TO TWO DAYS.

2. AS BACKGROUND FOR SUCH DISCUSSIONS, YOU MAY INFORM GOJ OF FOLLOWING GENERAL LINES OF US APPROACH, WHICH WE WOULD OUTLINE IN DETAIL IN BILATERAL TALKS: BASICALLY WE SEE THREE SEPARATE TRACKS NOW EXISTING FOR COMMODITIES:

(A) UNCTAD, (B) CIEC AND (C) INDIVIDUAL COMMODITY GROUPS AS WELL AS SPECIALIZED AGENCIES WITH SOME ROLE IN COMMODITIES (IMF, MTN, WORLD BANK AND POSSIBLY OTHERS). WE REGARD UPCOMING MEETINGS, INCLUDING UNCTAD-IV, AS A CONTINUUM OF OPPORTUNITIES TO MAKE MORE PRECISE AND CARRY OUT OUR COMMODITY POLICY, WHICH WAS ENUNCIATED IN CLEAR-EST FORM IN SECRETARY KISSINGER'S SEVENTH SPECIAL SESSION SPEECH AT UN LAST FALL. THE CASE-BY-CASE APPROACH OUTLINED THERE MEANS THAT THE DETAILS AND ACTUAL NEGOTIATIONS ON SPECIFIC COMMODITIES SHOULD BE CONFINED TO INDIVIDUAL COMMODITY GROUPS, BUT VALUABLE STIMULUS TO THESE GROUPS' ACTIVITIES CAN BE GIVEN IN PARTICULAR THROUGH THE CIEC COMMISSION ON RAW MATERIALS AND UNCTAD-IV.

3. WE ALSO BELIEVE THERE ARE GENERAL ELEMENTS OF COMMODITY POLICY WHICH CUT ACROSS ALL COMMODITIES, SUCH AS COMPENSATORY FINANCING, FINANCING OF BUFFER STOCKS, INVESTMENT POLICY, DIVERSIFICATION, AND SUPPLY AND MARKET ACCESS QUESTIONS. THESE MUST BE NEGOTIATED IN INDIVIDUAL FORUMS BUT, TAKEN TOGETHER WITH EFFORTS ON INDIVIDUAL LIMITED OFFICIAL USE

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COMMODITIES, REPRESENT A COMPREHENSIVE APPROACH TO SOLVING COMMODITY PROBLEMS. WE HAVE BEEN OUTLINING THIS APPROACH IN THE CIEC'S COMMISSION ON RAW MATERIALS AND WILL CONTINUE TO DO SO IN THE MEETINGS SCHEDULED FOR MARCH AND APRIL.

4. WE ALSO HOPE THAT A SOLID GROUP B COMPREHENSIVE APPROACH ON COMMODITIES CAN BE WORKED OUT IN TIME TO

PROVIDE A SENSIBLE, FORWARD LOOKING ALTERNATIVE AT UNCTAD-IV TO EFFORTS BY G-77 AND UNCTAD TO OBTAIN ENDORSEMENT OF THE INTEGRATED PROGRAM FOR COMMODITIES AND ITS VARIOUS COMPONENTS, SOME OF WHICH E.,G., BUFFER STOCKS FOR TEN QUOTE CORE UNQUOTE COMMODITIES AND A COMMON FUND TO FINANCE THEM, THE US IS NOT PREPARED TO SUPPORT.

5. WE WERE SURPRISED AT PARA 6 REFTEL SUGGESTING JAPAN MIGHT ULTIMATELY BE WILLING TO SUPPORT AN QUOTE INTEGRATED COMMODITY AGREEMENT UNQUOTE AND COMMON FUND. UP UNTIL NOW, SO FAR AS WE ARE AWARE, JAPAN HAS EXPRESSLY OPPOSED THE COMMON FUND. WE HAVE MADE CLEAR ON SEVERAL OCCASIONS (E.G., OECD HIGH-LEVEL GROUP AND UNCTAD COMMITTEE ON COMMODITIES LAST DECEMBER) THAT WE DO NOT SUPPORT SUCH A FUND. WE ARE PREPARED, HOWEVER, TO EXAMINE THE QUESTION OF FINANCIAL REQUIREMENTS IN CONNECTION WITH STOCKING ARRANGEMENTS IF SUCH ARRANGEMENTS ARE FOUND TO BE FEASIBLE AND DESIRABLE.

6. PLEASE REPORT PROMPTLY GOJ RESPONSE TO SUGGESTED DATES FOR BILATERAL, SINCE SCHEDULES OF THOSE INVOLVED HERE MUST BE FILLED IN QUICKLY IF OTHER POTENTIAL COMMITMENTS ARE NOT TO TAKE PRECEDENCE. KISSINGER

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